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Ambit-JC Flowers JV to raise \$250 mn for distressed cos

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Mumbai: Ambit Flowers Asset Reconstruction, the joint venture between Ambit Capital and the US-based JC Flowers, a private investment firm dedicated to investing globally in the financial services industry, is planning to raise an overseas fund of about \$250 million fund to buy stressed assets in India. The company is in talks with banks and stressed companies in the textiles, pharma, cement and steel sectors.

K M Jayarao, executive vice-chairman at Ambit Flowers Asset Reconstruction, told DNA Money, "We are in the process of raising an overseas fund of about \$250 million to acquire stressed assets in India. We are looking at investors in Japan, Singapore, Hong Kong and the US. We are targeting private equity players and institutional investors to raise money for the fund."

He said the companies where the balance-sheets are impaired, but business prospects are bright would

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be looked at. "While we are sector-agnostic currently, we are looking at textiles, cement, steel and pharma

sectors. We are also in active talks with banks to acquire some mid-sized corporate assets, but have not

finalised anything," Jayarao said.

The setting up of Insolvency and Bankruptcy Code (IBC) and the government's insistence on cleaning up bank balance-sheets are forcing banks to speed up the NPA resolution process. The Reserve Bank of India (RBI) has also identified around 50 defaulting companies to be resolved in the National Company Law Tribunal (NCLT) if it cannot be resolved outside it. ARCs are trying to seize the opportunity to acquire the assets, however not many of them have acquired any

big assets.

The company will be looking at acquiring the debts of companies at a discount. It will restructure the debt to make the business viable and also convert part of the debt into equity to gain control. It also intends to support the existing management if there are genuine business failures and not management failures. "We are not looking at taking a pool of NPL assets in auctions and then wonder what to do about it later. We will take case specific assets and try to turn them around and make them productive

to create value for all the stakeholders. We will change the management and run it by inducting professional management," Jayarao said.

Ambit Flowers is not focusing on building large assets under management but will tie up with private equity firms to acquire assets.

Earlier, there were reports of the company raising \$1 billion, but Jayarao said the company is currently looking at raising about \$250 million. It will evaluate further fundraising plans after utilising the proceeds, he said.